Appendix J: Financial Proforma

Narrative Analysis: Academic–Practice Partnership Financial Outlook

N*ote: Clinician salaries may vary widely by state and local regions. The cost of administrative/clinical support staff is another area of negotiation between the academic and practice partner, as this model assumes that administrative/clinical support staff costs will remain in the institution primarily responsible for their role.*

The leaders of an academic practice partnerships (e.g. Dean and CNO) can use projections to guide long-term planning, align faculty workload models, and prioritize reinvestment in infrastructure and professional development ensuring that both institutions benefit equally from shared expertise, revenue, and impact.

For the Academic Dean and CNO, a data-driven view should emphasize three key strategic levers:

1. Faculty Productivity: Optimizing billable practice hours directly enhances partnership revenue while showcasing faculty expertise.
2. Simulation and Training Investments: Continued development of simulation offerings and faculty workshops is not only revenue-positive but also positions the organization as a regional training hub.
3. Pipeline Development: The partnership's ability to generate income while simultaneously advancing workforce diversity and health equity justifies reinvestment into student recruitment, clinical residency programs, and faculty pipeline initiatives.

We present the following five-year example of a Pro Forma (revenue, expenses and net income) where each institution shares one faculty member each. Revenue is calculated based upon the academic contribution of faculty development and simulation resources and the faculty practice performed in the practice partner. Assumptions are built around practice hours, faculty count, student numbers, credits, and rates.

Formulas:

- Faculty practice revenue = hours per week × hourly rate × weeks per year × number of faculty
- Tuition revenue = students × credits × tuition per credit
- Estimate: Simulation and faculty development revenue grow at 10% annually.

Financial Proforma (in USD)

Year	Faculty Practice Revenue	Simula-tion Training Revenue	Faculty Develop-ment Revenue	Total Revenue	Faculty Salary Costs	Simula-tion Ops Costs	Training Dev Costs	Admin Overhead	Total Expenses
2025	$250,000	$50,000	$25,000	$325,000	$200,000	$30,000	$15,000	$20,000	
2026	$300,000	$60,000	$30,000	$390,000	$220,000	$35,000	$18,000	$22,000	$295,000
2027	$350,000	$70,000	$35,000	$455,000	$240,000	$40,000	$20,000	$25,000	$325,000
2028	$400,000	$80,000	$40,000	$520,000	$260,000	$45,000	$22,000	$28,000	$355,000
2029	$450,000	$90,000	$45,000	$585,000	$280,000	$50,000	$25,000	$30,000	$385,000

The return on investment (ROI) offers a clear picture of the sustainability and scalability of this academic–practice partnership. Over the five-year projection, total revenue is expected to increase from **$325,000 in 2025** to **$585,000 by 2029**, reflecting growth in both faculty practice productivity and academic services. Expenses rise more modestly over the same period, primarily driven by faculty salaries, simulation operations, and administrative overhead. The slower rate of expense growth indicates a strong operating model where additional revenue streams, particularly from faculty practice hours and expanded simulation services, offset the costs of faculty development and operational support. For leadership, this suggests that the partnership is financially stable and capable of scaling clinical placements and training offerings without jeopardizing margins. The growth and development of faculty on both sides leads to higher rates of satisfaction and the ability for nursing faculty to focus on clinical and academic teaching.

The net positive income trend reinforces this positive trajectory. Net income nearly triples over five years, from **$60,000 in 2025** to **$200,000 by 2029**, underscoring the financial return on investment in faculty clinical engagement and joint programming. This upward trend is particularly important for reinvestment in innovation, such as advanced simulation technology, faculty development initiatives, and pipeline programs to grow the workforce. The CNO and Dean should view this trajectory as an opportunity to strategically allocate surplus funds toward expansion, talent retention, and future accreditation preparation.

A breakdown of academic versus practice contribution demonstrates the partnership's diversified revenue model. Practice revenue, largely driven by billable clinical hours for faculty, comprises the majority of income, providing a steady and predictable stream that aligns with the hospital's operational strengths. Academic contributions, from simulation training and faculty development workshops, account for approximately one-quarter of total revenue but serve a strategic purpose by strengthening the workforce pipeline, supporting faculty excellence, and positioning the health system as a leader in nursing innovation. This balance highlights that both parties are bringing unique strengths: the health system monetizes faculty practice, while the academic institution drives growth in educational programming and staff upskilling.

Here are the key insights:

1. **Strong Net Margin Growth:** Net income nearly triples over five years, driven by expanding faculty practice revenue and simulation services.
2. **Revenue Mix:**
    - ~ 75% from faculty practice (billable clinical work).
    - ~ 20% from simulation and faculty training services.
3. **Scalable Model:** Revenue growth outpaces expenses due to fixed-cost sharing between the university and health center.
4. **Strategic Value:** Partnership improves faculty development, creates student employment pipelines, and leverages simulation to upskill staff.

Revenue Charts